

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
December 21, 2015

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on December 21, 2015 in accordance with the duly posted meeting notice. A quorum of Directors was present as follows:

Director Members Present:

1. Morgan Stagg, President
2. Michael D. Chittwood, Vice President
3. Jennifer J. Goodwin, Secretary
4. Stephen A. Talecki, Asst. Vice President
5. Bradley D. Holmes, Asst. Secretary

Board Members Absent:

None

District Residents:

Caleb Burson

Others Present:

Also present were Patty Rodriguez of Bob Leared Interests; Whitney Aelmore and Jeff Haley of Si Environmental, LLC; Dennis Hughes of Landev Engineers, Inc.; Terry Holland of Myrtle Cruz, Inc.; and Mark W. Brooks of Young & Brooks.

The meeting was called to order at 6:30 p.m. and declared open for such business as might come before it.

1. Approval of Minutes:

Mr. Talecki requested that the draft minutes of the previous board meeting be revised so as to refer to property owners rather than right-of-way owners in connection with the easements needed for the proposed new water well discharge line, and Ms. Goodwin noted the need to include a fourth water conservation initiative approved by the board at the November meeting for participation in the NFBWA conservation incentive (Larry's Toolbox) program. After discussion, upon motion duly made, seconded and unanimously carried, the minutes of the November 16, 2015 meeting were approved with the revisions requested by Mr. Talecki and Ms. Goodwin.

2. Questions/Comments from the Public:

There were no questions or comments from the public.

3. Renew Insurance:

Mark W. Brooks of Young & Brooks, the attorneys for the District, distributed copies of the insurance renewal proposals received from the District's insurance agent, SIG McDonald & Wessendorff Insurance. The board has been pleased with the insurance services provided by SIG McDonald, and the premium increase is consistent with increases in the insurable value of the District's property. Accordingly, upon motion duly made, seconded and unanimously carried, the board accepted the SIG McDonald insurance proposals to renew the same coverages as are presently in place.

4. Consider Consultants Reports (as needed):

a) Tax Assessor-Collector:

Patty Rodriguez of Bob Leared Interests, the District's Assessor/Collector, reported on the status of the District's tax collections. Ms. Rodriguez reported that the District is 99.305% collected for the 2014 taxes and responded to questions from the Board. After discussion, upon motion being duly made, seconded and unanimously carried, the Board approved the Tax Assessor's monthly report and payment of the tax bills presented.

b) Financial Advisor:

N/A

c) Operator Report:

[i. Monthly Report, ii. Authorize Repairs, iii. Conduct hearing on termination of water and sewer service.]

Whitney Aelmore of Si Environmental, LLC, the District's Operators, reported to the Board regarding District operations and facilities. Ms. Aelmore reviewed their written report with the Board and responded to questions.

Ms. Aelmore presented and after discussion the board unanimously approved a proposal by Accurate Meter to check the accuracy of the District's interconnect meters at a cost of \$250 each.

The board asked that the operator close the gap in the fence near the southeast corner of the District water plant site.

The Board conducted a hearing on the possible termination of utility services for delinquent accounts. Ms. Aelmore presented a list of utility accounts that are delinquent by more than 60 days. She reported that the listed customers were given written notice 10 days prior to this meeting and they had been provided an opportunity to appear before the Board to explain, contest or correct the utility service bill and to show why the utility service should not be terminated for nonpayment. None of the customers on the list were present and none have presented any statement on the matter.

After discussion, upon motion being duly made, seconded and unanimously carried, the Board approved the Operator's report and authorized the processing of the delinquent accounts in the usual and customary manner.

d) Engineer's Report:

Dennis Hughes of Landev Engineers, Inc. (Landev), the District's Engineers, presented the Engineer's Report. Mr. Hughes reported on the status of pending District projects and responded to questions.

Mr. Hughes reported that Precinct 3 is looking into whether the proposed sidewalk project on Highland Knolls qualifies for County participation, in which case the County will contribute 40% of the costs.

After discussion, the board approved a draft letter to the property owners along the west side of Mason Road, requesting easements for the water well discharge line from the proposed new District water well.

Upon motion duly made, seconded and unanimously carried, the Board approved the Engineer's Report.

e) Bookkeeper's Report:

Terry Holland of Myrtle Cruz, Inc., the District's bookkeeper, the District's bookkeeper, presented their monthly report. The report included a list of bills for the approval of payment, a copy of which is attached hereto. After discussion, upon motion duly made, seconded and unanimously carried, the board approved said bills and ordered checks to be issued on the appropriate accounts of the District in payment thereof.

5. Authorize any necessary actions in connection with the District website:

Nothing to report

6. Authorize any necessary actions in connection with greenbelt tracts:

Board President Morgan Stagg reported that Harris County is working on acquisition of the easements needed for the proposed hike and bike trail extension from Mason Road west to Peek Road and for the record provided an email update that had been sent to her.

7. Cinco Regional Operating Committee report:

The C.R.O. Report for December 2015 was reviewed. Ms. Stagg reported that the Operating Committee has approved the proposed Reclaimed Water Agreement and the related Effluent Reuse Facility Easement for presentation to Cinco MUD No. 1, and it is now being reviewed by Cinco MUD 1.

8. Pending Business:

The board discussed the advantages of participating in joint elections with Katy ISD, and board members Stagg and Goodwin agreed to contact Katy ISD board members to express the District's interest in doing so for the 2016 director election.

After discussion, upon motion duly made, seconded and unanimously carried, the board resolved to cast the District's vote in favor of Richard J. Patrick continuing to serve on the Katy Area Economic Development Council Board of Governors.

There being no further business to come before the Board, the meeting was adjourned at 7:50 p.m.

Secretary

Attachment: Bookkeeper's Report